BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop Additional Methods to Implement the California Renewables Portfolio Standard Program.	R. 06-02-012 (Filed February 16, 2006)

COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) ON MARCH 26, 2009 PROPOSED DECISION REGARDING TRADABLE RENEWABLE ENERGY CREDITS

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I. INTRODUCTION

To meet California's ambitious renewable energy goals, the Commission, market participants, and the utilities will need to explore and implement new methods to encourage the development of renewable resources. One of the most promising new methods to encourage renewable resource development is the use of tradable renewable energy credits ("RECs"). Tradable RECs can be an important part of the Commission's overall effort to implement the California Renewable Portfolio Standard ("RPS") program and to achieve the statutory goals for renewable resources. The Proposed Decision issued by Administrative Law Judge ("ALJ") Anne E. Simon on March 26, 2009 ("PD") approves the use of tradable RECs for compliance with California's RPS requirements. PG&E strongly supports this aspect of the PD. However, the PD includes certain limitations on tradable RECs that need to be modified to ensure the development of a robust RECs market and a level playing field.

In particular, PG&E proposes the following changes to the PD:

(1) Eliminate the arbitrary distinctions established in the PD between "REC-only" and bundled transactions when a load-serving entity ("LSE") purchases renewable energy;

(2) Eliminate the 5% limitation on REC purchases for the investor-owned utilities ("IOUs"), or, at a minimum, apply the same limitation to other LSEs;

(3) Modify the date tradable RECs can be used from not earlier than June 1, 2009 to the date the PD is adopted by the Commission;

(4) Clarify that firming and shaping transactions can be entered into after a contract for the purchase of out-of-state energy is approved;

(5) Modify Standard Terms and Conditions ("STC") REC-1 and STC REC-2;

(6) Clarify the PD to allow sufficient time to retire RECs; and,

(7) Clarify the PD to state that the utilities can conduct separate RECs-only requests for offers ("RFOs"), separate from their 2009 RPS RFOs.

With these changes, PG&E fully supports the Commission's adoption of the PD.

II. THE PD SHOULD BE MODIFIED TO ENCOURAGE A LEVEL-PLAYING FIELD AND A ROBUST RECS MARKET.

A. A Purchase Of Renewable Energy Should Be Considered A Bundled Transaction, Regardless Of Subsequent Transactions.

The PD draws a number of distinctions between different types of transactions, trying to define "RECs-only" transactions and bundled energy transactions.[1] However, these distinctions are unnecessary, arbitrary and artificial. Any time a utility purchases renewable energy from a generating facility, this purchase should be considered a bundled transaction, even if the utility subsequently sells or otherwise disposes of the actual kilowatts ("kW") purchased. "REC-only" purchases should be defined as the term implies -- a purchase of RECs only, absent any associated energy-related transaction. There are several reasons why this aspect of the PD should be modified. First, as the PD demonstrates, trying to define RECs-only v. bundled transactions by looking at specific aspects of each specific transaction results in arbitrary and artificial distinctions. For example, the PD distinguishes between "new energy" and existing energy purchases, but fails to explain why purchases of "new energy" further the RPS statutory

[1] PD at 49-52.

goals or provide customer price stability.[2] In fact, new energy purchased as a part of a renewable transaction may be considerably more expensive that existing energy sources. Moreover, the PD distinguishes between index forward energy purchases and purchases at fixed prices, but again fails to explain why this distinction is appropriate.[3] From the customer perspective, indexed transactions may result in significantly lower prices than long-term fixed transactions. While this may promote "price stability," as the PD asserts, it does not promote lower customer costs. The Commission should not artificially or arbitrarily limit RPS transactions by defining some transactions as "RECs-only" and others as bundled. Instead, if an LSE purchases renewable energy, this should be considered a bundled transaction, regardless of subsequent transactions to sell the kWs associated with the renewable energy.

Second, artificial distinctions between different types of transactions do not advance the RPS goals. The PD explains that distinguishing between RECs-only and bundled transactions is important to promote price stability.[4] However, price stability is only one of the RPS statute goals.[5] The RPS requirements are also intended to foster new renewable energy development, achieve environmental goals, and stimulate sustainable development. Encouraging a variety of different types of transactions furthers these goals. By narrowly defining "bundled transactions," the PD will likely have a chilling affect of new types of transactions and arrangements that may spur renewable development, thereby promoting economic development and assisting to achieve climate goals. Price stability for customers is already addressed at the energy portfolio level. There are price hedging targets that are part of approved procurement plans. Ensuring price

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[2] *Id.*at 50.

[3] *Id.*

[4] *Id*. at 50-51.

[5] *See e.g.* Pub. Util. Code § 399.11(b) (explaining that renewable energy goals promote price stability, protect public health, improve environmental quality, stimulate sustainable economic development, create new employment opportunities, and reduce reliance on imported fuels).

stability at the renewable deal level can not only impose unreasonable constraints that have nothing to do with RPS compliance, but there is minimal or no bottom line effect on price stability for customers because this is managed at the portfolio level, not at the deal level.

Finally, the PD expresses some concern that utilities may purchase renewable energy and then immediately sell off the energy but retain the RECs. This concern misses the point. If an LSE purchases renewable energy, and later the actual energy to another party, the original purchase was still a bundled transaction. Subsequent transactions do not change the fact that the original purchase was a bundled transaction. To the extent an LSE needs to firm, bank or shape renewable energy purchases, it is still required to meet the California Energy Commission ("CEC") guidelines, including deliverability. However, trying to define a bundled renewables purchase as a RECs-only transaction is unnecessary, and contrary to the nature of the original transaction.

B. The 5% APT Limitation For IOUs Should Be Eliminated Or Modified.

The PD recognizes that tradable RECs provide "greater compliance flexibility, procurement efficiency, and potentially lower costs . . . ."[6] Despite this, the PD limits the IOUs to "no more than 5% of the MWh used to meet [the Annual Procurement Target] in any year may be in the form of TRECs, beginning with the 2009 compliance year and ending with the 2011 compliance year."[7] This limitation does not apply to other LSEs, such as energy service providers ("ESPs") and Community Choice Aggregators ("CCA"), even though the Commission regulates these entities with regard to their compliance with the RPS requirements.[8] The 5% limitation should be eliminated from the PD.

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[6] PD at 14.

[7] *Id*. at 28.

[8] *Id*. at 31.

First, the 5% limitation is not in the interest of customers or California. The PD states that the 5% limitation "is fundamentally a protection for California utility ratepayers," but fails to explain exactly what protection is being provided.[9] Utility customers are already protected from paying high prices for RECs by the $50/REC price cap.[10] It is unclear what further protections the 5% limitation provides for utility customers. If the utility can purchase inexpensive RECs for its customers to satisfy the California RPS requirements, but is unable to do so because of the 5% limitation, its customers will ultimately end up paying higher costs to achieve the RPS requirements. The Commission should not artificially limit the RECs market by placing caps on the amount of RECs that may be purchased.

Second, if the Commission decides to retain any percentage limitation, at a minimum, it should be applied to all LSEs. Applying a percentage limitation only to the IOUs is discriminatory. There is no reasoned basis for allowing other LSEs to comply with California's RPS requirements with the amount of RECs they deem appropriate while limiting the IOUs to a fixed percentage, even if the limitation is only temporary. This discriminatory treatment will make IOU compliance with the California RPS requirements more difficult and costly for IOU customers because, after the percentage limit is reached, the IOUs will have one less option for satisfying their RPS requirements. Moreover, if the IOUs are unable to purchase RECs because they have reached their percentage limit, other LSEs may be able to purchase RECs for much lower cost as there is limited competition, benefitting the customers of these LSEs, but preventing IOU customers from purchasing similar, lower-cost RECs.

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[9] *Id.* at 30.

[10] *Id*. at 42.

C. Tradable RECs Should Be Available For Compliance On The Date The Commission Issues A Decision.

The PD allows LSEs to use RECs associated with renewable energy generated on or after January 1, 2008 to be counted for RPS compliance.[11] However, under the PD, LSEs may not purchase these RECs until June 1, 2009, when the RECs compliance rules go into effect. It is likely that the Commission will act on the PD in May 2009. There is no reason given in the PD for delaying the implementation of RECs until June 1, and given the fast approaching deadline for RPS compliance, there is no reason for the Commission to delay implementation of tradable RECs. Instead, the Commission should modify the PD to state that RECs can be traded and counted for compliance as of the date the PD is adopted by the Commission. There should also not be a restriction that prevents execution of a REC-only transaction, so long as effectiveness of the transaction is subject to Commission approval.

D. The PD Should Be Clarified To State That Firming And Shaping Transactions Can Be Entered Into After An Out-of-State Energy Purchase Is Approved.

Under the PD, an LSE can enter into a "new second PPA" for out-of-state deliveries so that out-of-state RECs are a part of a bundled transaction.[12] However, often an LSE will not enter into the second PPA until it has received Commission approval of the underlying out-of-state transaction. An LSE does not want to have the Commission disapprove the first PPA, but still be required to go ahead with the second PPA. Commercially, it can be infeasible for the effectiveness of the second PPA to be contingent on approval of the RPS bundled transaction. Thus, the PD should be clarified to state that the utility can bring the first PPA to the Commission for approval and, if approved, can subsequently bring the second PPA to the Commission for approval if both transactions are needed to satisfy CEC delivery requirements.

[11] *Id*. at 62.

[12] *Id* at 50.

E. Standard Terms and Conditions REC-1 and REC-2 Should Be Modified.

The PD creates three new STCs -- two for REC-only and bundled transactions and a third for REC-only transactions.[13] The PD requires that REC-only agreements include all three non-modifiable STCs and that bundled PPAs include two of the new non-modifiable STCs. The language in STCs REC-1 and REC-2 need to be modified, and the PD should be modified to state that STC REC-1 only applies in RECs-only transactions.

1. STC REC-1 Needs To Be Modified.

PG&E supports a simple STC that defines and transfers RECs. However, the STC to define and transfer RECs provided in the PD is not a simple definitional provision. STC REC-1 goes beyond a definition and transfer of RECs and instead requires a Seller of RECs and bundled RPS product to make a continual representation and warranty as to the compliance of a REC with the RPS requirements, as modified by subsequent Commission decisions and legislation. In addition, STC REC-1 requires that, if the Seller's representation as to the conformity of a REC to the definition and attributes required by the California RPS becomes false or misleading during the delivery term of a REC only or bundled contract due to a change in law, then Seller must use commercially reasonable efforts to comply with such changes in law. While PG&E would support a simple STC to define RECs, the proposed STC REC-1 is problematic and unnecessary for both REC-only and bundled contracts.

In a RECs-only contract, PG&E has anticipated that a Seller of RECs will deliver into PG&E's WREGIS account RPS compliant RECs *as of the date of* delivery to PG&E. PG&E is not requiring or contemplating requiring Sellers of RECs to make a continual representation during the entire term of the contract as to the compliance status of a REC that PG&E has already received, and to maintain the compliance status of such REC during the entire term of

[13] *Id*. at 60-61.

the contract. This would put a substantial risk on Sellers to ensure compliance of RECs already delivered to a utility over the entire term of an agreement. From PG&E's perspective, if the REC is compliant with the requirements of the California RPS upon Seller's delivery of such REC to PG&E, PG&E will pay for the REC and will bear the risk that the purchased REC does not comply after delivery to PG&E. By including an on-going representation as proposed in STC REC-1, the Commission is requiring Sellers to continue to bear the risk that a REC becomes noncompliant after delivery of and payment for the REC. PG&E does not believe that the Commission intended this result.

In addition, by providing that in the case of a change in law, the Seller must use commercially reasonable efforts to ensure continued compliance of a REC, the Commission is again requiring Sellers to bear additional risk. Further, if a Seller cannot, after using commercial reasonable efforts, make the representation that the REC is compliant, PG&E will still be obligated by STC REC-1 to pay the entire contract price for a noncompliant worthless REC, which places undue risk on PG&E to be forced to purchase a noncompliant product. To clarify PG&E's position for REC-only contracts, PG&E is proposing that once a Seller delivers an RPS compliant REC to PG&E, PG&E will pay for that REC, therefore, Seller bears the risk of compliance up to delivery and PG&E bears such risk after delivery and payment.

The STC REC-1 is unnecessary for bundled contracts because these agreements currently must have STC 6 which states the following:

> Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false

> or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

Since Sellers in bundled contracts are already required to make a continual representation and warranty as to the qualification and certification of a Project as an eligible renewable resource and the Project's output delivered qualifies under the requirements of California RPS in STC 6, such Projects are, by their very nature as eligible renewable resources, creating and generating renewable energy credits as "required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028." In other words, if a Seller of a bundled contract cannot make the continuing representation and warranty in STC 6 as to its eligible renewable resource status and the output of the Project, then it would not be possible for the Seller to generate RPS compliant RECs and to make the continuing representation and warranty in STC REC-1. In addition, the bundled contracts include STC 2 ("RECs and Green Attributes"). Because of the current requirement to include STC 2 and STC 6 in bundled contracts, the proposed STC REC-1 is duplicative of existing STCs required for bundled contracts and, therefore, the proposed STC REC-1 is unnecessary for bundled contracts. For these reasons, PG&E proposes that STC REC-1 should be revised as set forth in Attachment A to these comments and apply only to REC-only contracts.

2. STC REC-2 Should Also Be Modified.

PG&E has previously argued that including the PD's STC REC-2 ("Tracking of RECs in WREGIS") in bundled or REC-only contracts will impose unnecessary and potentially unforeseen constraints on the new REC market, make negotiating contracts with counterparties more difficult, and otherwise contradict the PD's Guiding Principles. However, PG&E is willing to accept STC REC-2 as it does not generally contradict PG&E's proposed provisions in its form PPAs dealing with WREGIS and tracking of RECs. PG&E still requests that the Commission

clarify STC REC-2 as provided in Attachment A to these comments. PG&E's proposed change to STC REC-2 clarifies that Sellers of RECs and bundled RPS products would only be making the representation and warranty as of the beginning of the delivery term of the product and not as of the execution date of the contract as proposed by the Commission. It will likely be very difficult for a Seller of RECs or bundled RPS product to make the proposed representation and warranty in STC REC-2 as of the execution date of the contract that the Seller has taken all necessary steps to allow RECs to be tracked in WREGIS since Sellers do not establish their WREGIS accounts for a particular Project until the Project is constructed and ready for operation and delivery of RECs.

F. The PD should be clarified to allow sufficient time to retire RECs to apply to the third compliance year (inclusive of the year of generation).

The PD provides an example indicating that an RPS-obligated LSE that wanted to use a REC associated with electricity generated in June 2008 for RPS compliance would need to commit the REC to RPS compliance by putting it in its WREGIS retirement sub-account not later than December 31, 2010 (the end of the third compliance year since the generation).[14] The proposed December 31st REC retirement deadline is not consistent with the expected timing for retiring other RPS RECs for a particular compliance year. The REC retirement procedures, which will be established by the CEC, will need to allow time for WREGIS certificates to be created (*e.g.*, a 90-day creation cycle) and for the LSE to retire the RECs. PG&E suggests that the PD be clarified to require that the RECs be retired to meet no later than the third RPS compliance year (inclusive of the year of generation) and eliminate the reference to a specific date for placing in the LSE's WREGIS retirement sub-account.

[14] *Id*. at 54.

G. The PD Should Be Clarified To Allows For RECs RFOs Separate From The 2009 RPS RFOs.

The PD does not clearly state that utilities can conduct RECs RFOs separate from their 2009 RPS RFOs.[15] This point should be explicitly stated. The utilities currently conduct annual RPS RFOs. However, in order to encourage the development of the RECs market, the utilities should also be able to conduct separate RECs RFOs. This will allow the utility to focus on RECs purchases and will result in a much more streamlined RFO process, especially given that RECs transactions will likely be much less complex than the transactions in the annual RPS RFOs.

III. CONCLUSION

PG&E supports the PD and the Commission's efforts to increase the market for renewable energy and provide innovative approaches to meet California's ambitious RPS goals. PG&E fully supports the adoption of the PD with the modifications discussed in these comments. With these modifications, the PD will ensure the development of a robust RECs market and a level-playing field for all LSEs that are required to comply with California's RPS requirements.

Respectfully submitted,

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Dated: April 15, 2009

[15] *See e.g.* PD at 34 (discussing RFOs generally).

ATTACHMENT A

Modifications To Proposed Decision Text:[1]

Citation	Proposed Modification
Page 3, Second Paragraph, Last Sentence	~~The decision also clarifies how certain transactions with RPS-eligible renewable generation located outside of California will be treated for RPS compliance purposes~~.
Page 28, First Paragraph, Last Sentence	We therefore will not impose a ~~temporary~~ limit on the use of TRECs for RPS compliance.
Page 28, Second Paragraph to Page 33, Second Paragraph	**Delete entire section**
Page 34, Second Paragraph	After the Commission has evaluated the RPS procurement plans and determined that they are consistent with the requirements of the RPS statute, utilities may conduct solicitations to procure RPS-eligible resources in accordance with their plans, including requests for offers ("RFOs") for bundled transactions and REC-only RFOs.
Page 42, Third Paragraph, First Sentence	~~Like the limit on TRECs usage, this~~ This cap on prices of TRECs used for RPS compliance should be a temporary one.
Page 49, Second Paragraph	**Add the following sentence at the end:** However, for purposes of this decision, we will not attempt to differentiate types of bundled transactions. If an LSE purchases renewable energy, it is a bundled transaction, regardless of any subsequent transactions by the LSE to sell some or all of the actual energy purchased.
Page 49, Third Paragraph to Page 52, Second Paragraph	**Delete entire section**

[1] Strikethroughs represent proposed deletions and underlining represents proposed additions.

Citation	Proposed Modification
Page 54, First Paragraph	~~That is, an RPS-obligated LSE that wanted to use a REC associated with electricity generated in June 2008 for RPS compliance would need to commit the REC to RPS compliance by putting it in its WREGIS retirement sub-account not later than December 31, 2010 (the end of the third compliance year since generation).~~
Page 61, Third Paragraph	Bundled contracts transfer RECs as well as energy. In order for bundled contracts to be consistent with REC-only contracts and to allow the unbundling and trading of RECs from bundled contracts as authorized by this decision, the ~~"RECs definition" and~~ "WREGIS tracking" STCs should be added to the STCs for bundled contracts.
Page 61, Fourth Paragraph	The two new REC STCs address the fundamental issues of what is being conveyed by the contract. They should be non-modifiable in ~~both~~ REC-only contracts. In addition, ~~and~~ the "WREGIS tracking" STC should be non-modifiable in bundled contracts. The STC requiring Commission approval for REC-only contracts should likewise by non-modifiable in REC-only contracts, as it is in bundled contracts. The new STCs are set out in Appendix C.
Page 62, First Paragraph	Beginning with the effective date of this decision~~June 1, 2009~~, TRECs tracked in WREGIS for which the RPS eligible electricity associated with the TREC was generated on or after January 1, 2008 may be procured, traded, and used for RPS compliance. Any RECs associated with RPS-eligible bundled energy deliveries may be used for RPS compliance in accordance with existing flexible compliance rules and may, beginning with the effective date of this decision~~June 1, 2009~~, be unbundled and sold in accordance with the rules set forth in this decision, subject to the restrictions in §§ 399.16(a)(5) and (6). Utilities may file advice letters for approval of TREC contracts beginning with the effective date of this decision~~June 1, 2009~~.

Modifications To Proposed Decision Findings of Fact:

Finding of Fact No. 9	**Delete entire finding of fact.**

Modifications To Proposed Decision Conclusions of Law:

Conclusion of Law No. 10	In order to promote consistency in RPS procurement and protect ratepayers from unnecessary transaction costs, so long as the a transaction involves the purchase or eligible renewable energy and satisfies the CEC delivery requirements, it shall be considered a bundled transaction. ~~CEC accepts as RPS-eligible those transactions with RPS-eligible generation facilities that are not sited in California and do not have their first point of interconnection with the WECC grid in California, in which the RPS-obligated LSE buys RECs and energy from the RPS-eligible facility, sells the energy back to the generation facility, and then "matches" the RECs for RPS compliance purposes with energy delivered into California from imports under a pre-existing PPA or with imports of energy at prices that are indexed to energy or fuel prices, such transactions should be treated as REC-only transactions for purposes of RPS compliance~~.
Conclusion of Law No. 11	If an RPS-obligated LSE enters a contract with an RPS-eligible generation facility that is not sited in California and does not have its first point of interconnection with the WECC grid in California in which the buyer receives RECs but not energy, such a transaction should be considered a RECs-only transaction. ~~bundled transaction if the LSE provides in a single submission to Energy Division a contract or contracts for RECs and for firm delivery into California of a quantity of newly acquired energy equivalent to that associated with the RECs, for the same contractual term, at a price that is not indexed to energy or fuel prices~~.

Modifications To Proposed Decision Ordering Paragraph:

Ordering Paragraph No. 2	Procurement and trading of tradable RECs (TRECs) in accordance with the rules set out in this decision may commence on the effective date of this decision ~~June 1, 2009~~.
Ordering Paragraph No. 15	**Delete entire ordering paragraph**
Ordering Paragraph No. 17	In order to promote consistency in RPS procurement and protect ratepayers from unnecessary transaction costs, so long as the a transaction involves the purchase or eligible renewable energy and satisfies the CEC delivery requirements, it shall be considered a bundled transaction. ~~CEC accepts as RPS-eligible those transactions with RPS-eligible generation facilities that are not sited in California and do not have their first point of interconnection with the WECC grid in California, in which the RPS-obligated LSE buys RECs and energy from the RPS-eligible facility, sells the energy back to the generation facility, and then "matches" the RECs for RPS compliance purposes with energy delivered into California from imports under a pre-existing PPA or with imports of energy at prices that are indexed to energy or fuel prices, such transactions should be treated as REC-only transactions for purposes of RPS compliance~~.
Ordering Paragraph No. 18	If an RPS-obligated LSE enters a contract with an RPS-eligible generation facility that is not sited in California and does not have its first point of interconnection with the WECC grid in California in which the buyer receives RECs but not energy, such a transaction should be considered a RECs-only transaction. ~~bundled transaction if the LSE provides in a single submission to Energy Division a contract or contracts for RECs and for firm delivery into California of a quantity of newly acquired energy equivalent to that associated with the RECs, for the same contractual term, at a price that is not indexed to energy or fuel prices~~.

Ordering Paragraph No. 25	25. ~~The following non-modifiable standard terms and conditions shall be included in all contracts for RPS procurement, whether bundled contracts or REC-only purchases~~ STC REC-1 below shall be non-modifiable for all REC-only purchases and STC REC-2 shall be non-modifiable for all REC-only and bundled transactions: a. STC REC-1. Transfer of renewable energy credits: Seller and, if applicable, its successors, represents and warrants that ~~throughout the Delivery Term of this Agreement~~ the renewable energy credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. ~~To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.~~
	b. STC REC-2. Tracking of RECs in WREGIS Prior to the commencement of and during the Delivery Term, Seller warrants that all necessary steps have been taken to allow the renewable energy credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System.

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department B30A, 77 Beale Street, San Francisco, CA 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 15th day of April 2009, I caused to be served a true copy of:

COMMENTS OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
ON MARCH 26, 2009 PROPOSED DECISION
REGARDING TRADABLE RENEWABLE ENERGY CREDITS

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for R.06-02-012 with an e-mail address.

[XX] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service list for R.06-02-012 without an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 15th day of April, 2009 at San Francisco, California.

/s/
STEPHANIE LOUIE